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INTERDEPENDENCE OF INTERNATIONAL ECONOMIC SYSTEMS AND INTERACTION OF CULTURAL DIFFERENCES IN THE PERIOD OF GLOBALIZATION

Analysis of economic processes, interaction of cultures and local environment forecasts a more detailed study of each step in international development and culture. The interaction between market system and the system of government management, guiding principles of the U.S. economy and role of government in economic regulation are of major importance. Government performs a number of economic roles that private markets cannot provide and offers some services that are of the best interests to the public and well designed marketing strategy for entry into foreign market may bring success even to local production facility.

У статті проаналізовано економічні процеси, взаємодія культурного оточення країн та запропоновані способи більш детального вивчення міжнародного економічного розвитку. Розглянуто взаємодію між ринковою системою та системою державного управління, а також визначено головні принципи організації та функціонування американських корпорацій. У статті підкреслено необхідність спланованої маркетингової стратегії щодо участі у міжнародних економічних системах.

Key words: interdependent, market prices, private business, entrepreneur, cultural discrepancy, multinational activity, system of cultural values.

International economic systems, increased globalization of markets turn our world into one large interdependent market system in which people, goods, technologies, money and ideas migrate. International business is of great importance in most countries and that importance continues to grow. Economic theories of Western education and practices of management are spreading around the world. Business schools often teach American economic theories and practices as well as the fundamental disciplines of marketing, management, finance, supply. But different countries with various cultures decide differently and have different expectations about economic problems, and how economic decisions should be made and implemented. Even in the epoch of globalization integrated American and Western management approach to economic processes does not fit well for all countries worldwide.

Through most of the 20th century, U.S. citizens also enjoyed the highest material standards of living in the world. Some nations have higher per capita (per person) incomes than the United States. However, these comparisons are based on international exchange rates, which set the value of a country's currency based on a narrow range of goods and services traded between nations. Most economists agree that the United States has a higher per capita income based on the total value of goods and services that households consume. American prosperity has attracted worldwide attention and imitation. There are several key reasons why the U.S. economy has been so successful and other reasons why, in the 21st century, it is possible that some other industrialized nations will surpass the U.S. standard of living. It is generally known that the United States has a market economy in which individual producers and consumers determine the kinds of goods and services produced and the prices of those products. The most basic economic institution in market economies is the system of markets in which goods and services are bought and sold. That is where consumers buy most of the food, clothing, and shelter they use, and any number of things that they simply want to have or that they enjoy doing. Private businesses make and sell most of those goods and services. These markets work by bringing together buyers and sellers who establish market prices and output levels for thousands of different goods and services. A guiding principle of the U.S. economy has been that individuals own the goods and services they make for themselves or purchase to consume. Individuals and private businesses also control the factors of production. They own buildings and equipment, and are free to hire workers, and acquire things that businesses use to produce goods and services. Individuals also own the businesses that are established in the United States. In other economic systems, some or all of the factors of production are owned communally or by the government.

Economic system refers to the laws and institutions in a nation that determine who owns economic resources, how people buy and sell those resources, and how the production process makes use of resources in providing goods and services. The U.S. economy is made up of individual people, business and labour organizations, and social institutions. People have many different economic roles – they function as consumers, workers, savers, and investors. In the United States, people also vote on public policies and for the political leaders who set policies that have major economic effects. Some of the most important organizations in the U.S. economy

are businesses that produce and distribute goods and services to consumers. Labour unions, which represent some workers in collective bargaining with employers, are another important kind of economic organization, cooperatives are organizations formed by producers or consumers who band together to share resources, as well as a wide range of nonprofit organizations, including many charities and educational organizations, that provide services to families or groups with special problems or interests. The U.S. economy is considered to be immense. Nearly ten years it has included more than 270 million consumers and 20 million businesses. U.S. consumers purchased more than \$5.5 trillion of goods and services annually, and businesses invested over a trillion dollars more for factories and equipment. Over 80 percent of the goods and services purchased by U.S. consumers each year are made in the United States; the rest are imported from other nations. In addition to spending by private households and businesses, government agencies at all levels, federal, state, and local, spend roughly an additional \$1.5 trillion a year. The levels of production, consumption, and spending make the U.S. economy by far the largest economy the world has ever known – despite the fact that some other nations have far more people, land, or other resources.

Entrepreneurs organize various components necessary to operate a business. They raise the necessary financial backing, acquire a physical site for the business, assemble a team of workers, and manage the overall operation of the enterprise. They accept the risk of losing the money they spend on the business in the hope that eventually they will earn a profit. If the business is successful, they receive all or some share of the profits. If the business fails, they bear some or all of the losses.

Managers at large companies simply carry out decisions made by higher-ranking executives. These managers are not entrepreneurs because they do not have final control over the company and they do not make decisions that involve risking the company's resources. On the other hand, many of the nation's entrepreneurs run small businesses, including restaurants, convenience stores, and farms. These individuals are true entrepreneurs, because entrepreneurship involves not merely the organization and management of a business, but also an individual's willingness to accept risks in order to make a profit.

Throughout its history, the United States has had many notable entrepreneurs, including 18th-century statesman, inventor, and publisher Benjamin Franklin, and early-20th-century figures such as inventor Thomas Edison and automobile producer Henry Ford. More recently, internationally recognized leaders have emerged in a number of fields: Bill Gates of Microsoft Corporation and Steve Jobs of Apple Computer in the computer industry; Sam Walton of Wal-Mart in retail sales; Herb Kelleher and Rollin King of Southwest Airlines in the commercial airline business; Ray Kroc of MacDonald's, Harland Sanders of Kentucky Fried Chicken (KFC), and Dave Thomas of Wendy's in fast food; and in motion pictures, Michael Eisner of the Walt Disney Company as well as a number of entrepreneurs at smaller independent production studios that developed during the 1980s and 1990s. Producers decide which goods and services to make and sell, and how much to ask for those products. At the same time, consumers decide what they will purchase and how much money they are willing to pay for different goods and services. The interaction between competing producers, who attempt to make the highest possible profit, and consumers, who try to pay as little as possible to acquire what they want, ultimately determines the price of goods and services.

A basic principle in every economic system – even one as large and wealthy as the U.S. economy – is that few individuals ever satisfy all of their wants for goods and services. That means that when people buy goods and services in different markets, they will not be able to buy all of the things they would like to have. But no nation has ever been able to provide all of the goods and services that its citizens wanted, and that is true of the U.S. economy as much as any other. The U.S. economy, with its system of private ownership, has an extensive set of markets for final products and for the factors of production. The economy has been particularly successful in providing material goods and services to most of its citizens. That is even more striking when results in the U.S. economy are compared with those of other nations and economic systems. Nevertheless, most U.S. consumers say they would like to be able to buy and use more goods and services than they have today. And some U.S. citizens are calling for significant changes in how the economic system works, or at least in how the purchasing power and the goods and services in the system are divided up among different individuals and families.

Scarcity is also the reason why making good economic choices is so important, because even though it is not possible to satisfy everyone's wants, all people are able to satisfy some of their wants. Similarly, every nation is able to provide some of the things its citizens want. So the basic problem facing any nation's economy is how to make sure that the resources available to the people in the nation are used to satisfy as many as possible of the wants people care about most. For individuals and governments, resources that satisfy a particular want cannot be used to satisfy other wants. Therefore, deciding to satisfy one want means paying the cost of not satisfying another. Such choices take place every time the government decides how to spend its tax revenues.

In a market economy, government plays a limited role in economic decision making. The United States does not have a pure market economy. One of the main advantages of any competitive market system is a high level of flexibility and speed in responding to changing economic conditions. In economies where government agencies and central planners set prices, it often takes much longer to adjust prices to new conditions. In the last decades of the 20th century, the U.S. market economy has made these adjustments very quickly, even compared with other market economies in Western Europe, Canada, and Japan.

Market prices change whenever something causes a change in demand (the amount people are willing to

buy at different prices) or a change in supply (the amount producers are willing and able to make and sell at different prices). Because these changes can occur rapidly, with little or no advance warning, it is important for both consumers and producers to understand what can cause prices to rise and fall. Those who anticipate price changes correctly can often gain financially from their foresight. Those who do not understand why prices have changed are likely to feel bewildered and frustrated, and find it more difficult to know how to respond to changing prices. Market economies are, in fact, sometimes called price systems. Economists say that the U.S. is not a country with pure market economic system and the government plays an important role in the national economy. It provides services and goods that the market cannot provide effectively, such as national defense, assistance programs for low-income families, and interstate highways and airports. The government also provides incentives to encourage the production and consumption of certain types of products, and discourage the production and consumption of others. It sets general guidelines for doing business and makes policy decisions that affect the economy as a whole. The government also establishes safety guidelines that regulate consumer products, working conditions, and environmental protection.

Even in the period of global economic crisis every government often attempts to reduce inflation by controlling the supply of money. Consequently, organizations that control how much money is issued in an economy play a major role in how the economy performs, in terms of prices, output and employment levels, and economic growth. The government performs a number of economic roles that private markets cannot provide and different countries want to decide differently and have different expectations about economic problems and implementation of economic decisions. Global influence on economic processes does not fit well all countries worldwide. Globalization enables company-countries to build complementary teams. A complementary team, by definition, means that there can be a conflict, because each person's style is different in different countries.

A person's behaviour is based on a commonly shared cultural system of values, beliefs, and attitudes of the society and international manager must recognize the cultural imperatives abroad, making appropriate changes in the interpersonal behaviour and managerial practices. The multinational operations of companies have brought executives in face-to-face contact with the cultures of different countries, nations, regions, many of which seem very strange. The importance of understanding the cultures of countries in which a company operates-as well as the similarities and differences between those cultures-becomes clear when one looks at the multitude of blunders international executives have made because of insensitivity to cultural differences. A person is not born with a given culture. Culture is the way of life of a group of people. It is the complex which includes knowledge, belief, art, morals, customs, and any other capabilities and habits acquired by man as a member of society. Due to globalization, managers and executives from many cultures, who have different upbringing and experiences, must work together nevertheless.

Analyses of problems and failures abroad have shown that the techniques, practices, and methods that have proved effective in one country may not work well in other countries, and dominant interfering factor is culture.

The problems and misunderstandings occur because of the ethnocentric attitudes of members of each group, who take for granted that their values, especially those that tend to be acted on unconsciously, are correct and indeed the best. May be, we can explain the present economic crisis as the problem of global cultural misunderstanding, the importance of small countries to preserve their native culture, habits and, in the long run, their individual economic culture. Different cultures typically have strengths and weaknesses at different economic roles. Each culture provides certain managerial benefits. Differences enrich us with knowledge we do not have, improve our judgment of reality, teach different styles of working together. The world needs all these cultural differences, because in that case only it can be approximately right, rather than precisely wrong if we enrich each other with our differences in cultures.

The international operations of companies have brought executives in tight contract with the cultures of different nations. The importance of understanding cultures of countries in which a company operates and the similarities as well as differences between the countries are obvious.

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